

Message Text

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ORIGIN NEA-09

INFO OCT-01 ISO-00 EB-07 SS-15 NSC-05 PM-03 SP-02 OES-03

CIAE-00 INR-07 NSAE-00 OIC-02 PRS-01 SSO-00 NSCE-00

INRE-00 /055 R

DRAFTED BY NEA/IRN:CWNAAS/BK

APPROVED BY NEA:SSOBER

E:CWROBINSON

EB:SBOSWORTH

S/P:SLEWIS

NSC:MR. HORMATS

S/S :JPMOFFAT

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN IMMEDIATE

S E C R E T STATE 072748

E.O. 11652: GDS

TAGS: ENRG, IR

SUBJECT: PRODUCER/CONSUMER PREPCON

REF: TEHRAN 2847

FOR AMBASSADOR

1. YOU SHOULD SEEK OPPORTUNITY TO SEE SHAH PRIOR TO YEGANEH'S DEPARTURE FOR PREPCON MEETING AND MAKE FOLLOWING POINTS. YOU MAY ALSO DRAW UPON THEM IN MEETING WITH YEGANEH AND/OR AMOUZEGAR. WE ARE REPLYING BY SEPTTEL TO YEGANEH'S REQUEST FOR INFORMATION ON US POSITIONS ON PROCEDURAL AND AGENDA ITEMS TRANSMITTED TEHRAN 2847.

A. ALTHOUGH THERE ARE OBVIOUS REMAINING DIFFERENCES

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BETWEEN THE INTERESTS OF CONSUMERS AND PRODUCERS ON ENERGY

MATTERS, WE ARE ENCOURAGED THAT IN RECENT MONTHS THERE HAS BEEN AN INCREASING CONVERGENCE ON BROAD PRINCIPLES;

B. SEVERAL POINTS IN OPEC "SOLEMN DECLARATION OF PRINCIPLE" HAVE SOME RELATIONSHIP TO SECRETARY KISSINGER'S FIVE BASIC PRINCIPLES WHICH WERE PRESENTED IN HIS FEBRUARY 24 SPEECH. WE SEE THAT THERE IS GENERAL AGREEMENT ON THE NEED FOR ACHIEVEMENT OF THE LEGITIMATE NEEDS OF THE PRODUCING COUNTRIES, THE INTERDEPENDENCE OF THE WORLD ECONOMIES, THE NEED FOR CONSERVATION OF ENERGY RESOURCES, AND CONCERN FOR THE PLIGHT OF THE DEVELOPING COUNTRIES.

C. WE HOPE THAT AS WE MOVE AHEAD TOWARD THE CONFERENCE THAT WE CAN TOGETHER BUILD ON THESE PRINCIPLES TO OUR RESPECTIVE BENEFIT. SECRETARY KISSINGER STATED IN HIS PRESS CONFERENCE MARCH 26:

QUOTE WE BELIEVE THAT THE CONSUMER-PRODUCER CONFERENCE IS BEING CONDUCTED IN THE INTERESTS OF BOTH SIDES FOR THE COMMON BENEFIT, FOR THE INTEREST OF A DEVELOPING AND THRIVING WORLD ECONOMY, WHICH IS IN THE INTEREST OF PRODUCERS AS WELL AS CONSUMERS AND SHOULD NOT BE TIED TO THE SITUATION IN THE MIDDLE EAST. THEREFORE, WE ARE PROCEEDING WITH OUR PREPARATIONS FOR THE CONSUMER-PRODUCER CONFERENCE, AND PROGRESS IS BEING MADE IN THAT DIRECTION, AND WE FIND IT ESSENTIALLY ON SCHEDULE. END QUOTE

D. IN CONSONANCE WITH OUR EXTREMELY CLOSE BILATERAL RELATIONS AND MUTUALITY OF INTERESTS IN MANY FIELDS, WE HOPE TO WORK CLOSELY WITH THE IRANIAN DELEGATION TO ENSURE A POSITIVE CONCLUSION TO THE PREPARATORY MEETING. IN VIEW OF THE SHAH'S EARLY INITIATIVE IN PROPOSING A CONSUMER/PRODUCER DIALOGUE, WE ARE CONFIDENT HE ALSO WILL WANT A SUCCESSFUL OUTCOME.

E. IN OUR VIEW, A USEFUL MEETING WILL REQUIRE THAT THE ATTENDEES CLEARLY VIEW THE PARIS SESSION AS PREPARATORY WITH THE ONLY PURPOSE BEING TO AGREE ON THE AGENDA AND OTHER PROCEDURAL MATTERS. IF DELEGATIONS ATTEMPT TO
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OPEN DEBATE ON THE BASIC SUBSTANTIVE ISSUES, THERE IS REAL POSSIBILITY THE SESSION WILL BOG DOWN FRUITLESSLY.

F. WE ARE PRESENTLY EXAMINING VARIOUS PROCEDURAL ISSUES INVOLVED IN ORGANIZING THE FORMAL CONFERENCE. WE ARE CONCERNED THAT THE AGENDA ITSELF COULD DEVELOP IN SUCH A WAY AS TO FORESHADOW AN UNPRODUCTIVE FULL CONFERENCE. WE SHOULD BE CAREFUL NOT TO ATTEMPT TOO MUCH.

IN OUR VIEW, THE FUTURE CONSUMER/PRODUCER CONFERENCE SHOULD ESSENTIALLY BE DEVOTED TO ENERGY AFFAIRS AND DIRECTLY RELATED ISSUES. RAW MATERIALS AND BROAD INTERNATIONAL MONETARY REFORMS ARE CERTAINLY OF GREAT INTEREST TO ALL OF US, BUT THERE ARE OTHER ALREADY EXISTING FORA AND MECHANISMS TO ADDRESS THESE EXCEEDINGLY COMPLEX ISSUES. WE HOPE SHAH WILL AGREE WITH THIS POSTURE.

2. WOULD APPRECIATE SOONEST EMBASSY ASSESSMENT OF

SIGNIFICANCE OF SELECTION OF YEGANEH TO HEAD DELEGATION. ANY THOUGHTS YOU HAVE ON HIS PERSONALITY AND HOW TO DEAL WITH HIM WOULD BE APPRECIATED. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, PLANNING MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchantr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE072748
Document Source: CORE
Document Unique ID: 00
Drafter: CWNAAS/BK
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750111-0884
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750493/aaaadgrz.tel
Line Count: 129
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: 75 TEHRAN 2847
Review Action: RELEASED, APPROVED
Review Authority: buchantr
Review Comment: n/a
Review Content Flags:
Review Date: 15 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 MAY 2003 by izenbei0>; APPROVED <01 OCT 2003 by buchantr>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRODUCER/CONSUMER PREPCON
TAGS: ENRG, IR
To: TEHRAN
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006